



Mutual Learning Programme

DG Employment, Social Affairs and Inclusion

Peer Country Comments Paper - Spain

Does Spain need innovative measures to support entrepreneurship for the unemployed?

**Peer Review on
"Entrepreneurship training for the unemployed:
the Austrian Entrepreneurship Lab example"
Austria, 24-25 October 2019**



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1 Introduction

This paper has been prepared for the Peer Review on "Entrepreneurship training for the unemployed: the Austrian Entrepreneurship Lab example" within the framework of the Mutual Learning Programme. It provides a comparative assessment of the policy example of the host country and the situation in Spain. For information on the host country policy example, please refer to the Host Country Discussion Paper.

2 Situation in the peer country

In Spain, entrepreneurship support measures have gained importance since the recent economic crisis as entrepreneurship has been recognised as a potential solution to the high level of unemployment and youth unemployment. The share of incentives to start-ups over the total budget for active labour market policies (ALMP) has increased by 7.6 p.p. between 2007 and 2016, the most recent year for which data is available, making it the highest rate in 2016 among the EU-28 countries (21.6 %) ¹. The budget available for this type of measures multiplied by 2.6 between 2005 and 2010. In contrast, the budget allocated to other ALMPs was reduced significantly between 2011 and 2013. The number of beneficiaries of start-up measures has also almost doubled since 2007 and is by far the highest in the EU-28. According to the most recent data available, the Spanish Total Early-stage Entrepreneurship Activity, which measures initiatives with less than 3.5 years in the market, continues to increase (from 5.2 % in 2016 to 6.4 % in 2019) and is close to figures before the crisis (7.6 % in 2007). Spain remains below the EU-28 average (8.7 %), but well above economies such as Italy (4.2 %) or Germany (5 %) (Global Entrepreneurship Monitor, 2019).

The national Public Employment Service (SEPE) and the Public Employment Services (PES) of the Autonomous Communities provide a range of measures to foster and support entrepreneurship. They include advisory services for self-employment, reductions of social security contributions for those who start a business and the possibility of receiving the total amount of unemployment benefits to which the person is entitled in a single payment aimed to be invested in launching a start-up (the so called 'capitalisation' of unemployment benefits). Further measures include training activities and subsidies for financing courses related to business management and information technologies. These measures are mainly aimed to unemployed people in general, including long-term unemployed, but some specific measures, including training measures, have been reinforced to promote youth entrepreneurship.

Additional strategies promoting entrepreneurship have been developed at the regional and local level (OECD/European Commission, 2019), which show the increasing importance of entrepreneurship support in ALMP and the political agenda.

A common feature of entrepreneurship support is the participation of different actors, including the national and regional PES, other departments of the Autonomous Communities, the municipalities as well as business organisations and NGOs together with private training providers.

Existing entrepreneurship support programmes are paying increasing attention to the new business models and new forms of work allowing for better work-life balance and better alignment with the needs resulting from digitalisation and automation. This is done in the framework of major national and regional initiatives to support Industry 4.0. However, as expressed by companies (CEOE, 2019), training is still far from responding to the current need arisen from new technological changes and the digital economy.

¹ European Commission (2019). DG Employment, Social Affairs and Inclusion. Data on the expenditure on active labour market policies (ALMP).

3 Policies and measures to support entrepreneurship

3.1 The National Framework

Within the framework of the Spanish Strategy for Employment Activation 2014-2016 (*Estrategia Española de Activación para el Empleo 2014-2016*)², the national PES together with the PES of the Autonomous Communities agreed on a Common Portfolio of Services of the National System of Employment³ which defines services that all PES must provide. One of the four services included is the self-employment and entrepreneurship advisory service.

The Annual Employment Policy Plan (*Plan Anual de Política de Empleo, PAPE*), jointly agreed by the national and regional PES, regularly updates the services provided by each PES and sets annual objectives. The 2019 Annual Plan⁴, contains a specific axis focused on entrepreneurship which includes all activities aimed at promoting entrepreneurship, autonomous work and the social economy. It further contains a sub-axis with the objective of promoting self-employment and using new job opportunities offered by the digital economy, the social economy and the collaborative economy.

Within this framework, all regional PES provide different programmes to support entrepreneurship. In 2019, support to start-ups including space in incubators is offered by PES in 10 out of the 19 Autonomous Communities and Cities. Advice for self-employment and entrepreneurship is available in all the regional PES. Promotion of self-employment in the social economy and collective entrepreneurship, including among others grants and provision of new partners, is available in most of the Autonomous Communities as is advice on grants for entrepreneurial and self-employment initiatives and advice on incentives and measures to support new companies in hiring employees. As mentioned above, the national PES also allows for "capitalisation of unemployment benefits" to be invested in setting up a business.

Part of these measures are implemented with the support of non-governmental organisations, associations, chambers of commerce and private sector enterprises.

3.2 Examples of entrepreneurship support by different organisations

3.2.1 Public administration: The Programme to Support Technological and Innovative Entrepreneurship in Castilla y León

This programme is a good example of an initiative of a regional PES within the Annual Plan. It includes an incubator for innovative ideas, aimed at boosting the development and maturation of innovative entrepreneurial initiatives in early stages. This action is aimed at all sectors. Its objective is to support ideas that have arisen in the community and facilitate the evolution of projects to participate in more advanced programmes. The contents of the programme focus on the definition of the business model, the preparation of a business plan and the preparation of entrepreneurs to seek funding.

3.2.2 Public-private partnerships: national PES, NGO and others

A good example of public-private partnership to promote social economy and collective entrepreneurship within the Annual Plan are the Employment Shuttles (*Lanzaderas de Empleo*). They involve the national PES and the NGO Santa María la Real Foundation, together with other funding partners. The Employment Shuttles facilitate a peer-to-peer support system of heterogeneous teams of unemployed people, including long-term unemployed, who, by teamwork, reinforce their skills and collaborate in the pursuit of the common goal of obtaining employment or becoming self-employed. Since its start

² Royal Decree 751/2014, of September 5, which approves the Spanish Employment Activation Strategy 2014-2016.

³ Royal Decree 7/2015, of 16th January, approving the Common Portfolio of Services of the National System of Employment.

⁴ Resolution of March 12, 2019, of the Secretary of State for Employment, which publishes the Agreement of the Council of Ministers of March 8, 2019, approving the Annual Employment Policy Plan for 2019.

in 2013, 600 Employment Shuttles have been established and 10 885 persons have participated, with a 61.2 % success rate, i.e the percentage of persons finding a job after participating in a *Lanzadera* (Fundación Santa María la Real, 2019). It is being implemented as a pilot in some Autonomous Communities and the national PES promotes the exchange of good practices between participating regions in order to improve the programme.

The CO-EMPRENDE project is also based in an innovative public-private partnership carried out by the regional government of Andalusia together with the La Caixa Foundation, the Andalusian Environment and Water Agency and the Andanatura Foundation. It is focused on promoting entrepreneurship among unemployed, young people, women and over 45-year olds and on the creation of employment in rural areas. In three phases, participants are provided with training and personalised advice to start their own business, using as a base the resources of the Andalusian public forests. Since its start in February 2019, more than 600 persons have participated.

3.2.3 Foundations: Self-employment training projects of the INCYDE Foundation

The INCYDE Foundation is the Spanish Chamber of Commerce's Institute for Start-up and Enterprise Development, created in 1999. Its emphasis has always been on entrepreneurship focusing on skills and training both for start-ups and more established businesses. It operates 98 incubators throughout Spain that host entrepreneurs for a period of 3 years. The most recent trend is the specialisation of incubation centres. For example, the Seville Incubation Centre focuses on engineering companies and the Barcelona D-Factory Incubator focuses on advanced and additive manufacturing and 3D printing businesses (OECD/ European Commission, 2019; Fundación INCYDE, 2019).

In this context, INCYDE has implemented a series of training programmes, co-funded by the ESF, and aimed at promoting entrepreneurship, such as:

- Self-employment and Business Consolidation (*Autoempleo y Consolidación Empresarial*): it is aimed at any person, primarily unemployed belonging to higher risk groups (young people, women and people over 45) and it consists of a series of support pathways in the different regional Chambers of Commerce focused on different areas, including: a) workshops in which new business opportunities are presented; b) training courses lasting between four and seven weeks with group classes and individual coaching; and c) accompaniment for the maturation and implementation of the projects. The programme includes the following course related to digitisation: Digital Entrepreneurship in Industry 4.0, Industry 4.0, Entrepreneurship and Digital Transformation in Traditional Sectors and Industry 4.0 and Drones.
- Build your Future: Personalised pathways for youth entrepreneurship (*Construye tu Futuro: Itinerario Personalizado para el Emprendimiento Juvenil*): it is aimed at young people under 30 who neither study nor work and who are registered in the national Youth Guarantee scheme. Over five weeks, the programme provides training and strategies for young people to identify opportunities and gather resources to transform an idea into a company. This includes, group training sessions, individualised coaching and mentoring.

For the 2014-2020 period, the INCYDE Foundation aims to support more than 7 000 young people in their process of entering the labour market by increasing their entrepreneurial skills and knowledge, to work with 15 000 unemployed people (distributed 50 % among men and women) and to ensure that at least 3 000 are integrated into the labour market.

3.2.4 A semi-public body: Entrepreneurship programmes of Spain's School for Industrial Organisation

Spain's School for Industrial Organisation (*Escuela de Organización Industrial, EOI*), under the National Ministry of Industry, Commerce and Tourism, develops different programmes to support entrepreneurship, including the creation of coworking spaces, the organisation of competitions as well as training activities such as:

- University Entrepreneurship Initiative (*Iniciativa Emprendedora Universitaria*) is a series of free courses for university students or unemployed graduates on how to develop a business idea and study its viability. Through this training, over 5 500 students have been able to develop their entrepreneurial potential and present more than 1 200 real business projects.
- Working Spaces for Entrepreneurs (*Espacios Coworking*) are shared working spaces for entrepreneurs, aimed at the creation of innovative companies. Around 55 shared working spaces have been made available to entrepreneurs, which are foreseen to help them to create more than 3 500 companies. With a budget of EUR 45.8 million, jointly financed by the ESF, some of the spaces specialise in projects about Industry 4.0, content industry (such as games) or digital transformation. The programme, designed for entrepreneurs who have not yet started their company or are in a very early stage of development, provides them with support in the form of workspace, training, mentoring, workshops and events. Each space accommodates around 20 projects for five months, over four phases.

3.2.5 A foundation for people with disabilities: Labour market integration programmes of the ONCE Foundation

The ONCE Foundation aims to provide support and services to people with disabilities to improve their living conditions. It created an Entrepreneurship Programme in 1998 aimed at promoting the labour market integration of people with disabilities through self-employment.

The Entrepreneurship Training for Persons with Disabilities (*Formación Empresarial para Personas con Discapacidad*) aims to tackle the lack of support systems and counselling services for people with disabilities in entrepreneurship. Apart from the support to start the business, the programme provides more help once the start-up phase is over: Progress is monitored and counselling in the first stages of the new businesses provided; training sessions in specific areas of business skills, such as marketing and finance are organised to help strengthen and consolidate businesses. Also, grants for individual training in technological and digital skills are awarded.

3.2.6 Some local approaches: Citilab and Medialab Prado

Local approaches include:

- Citilab is a citizen laboratory for social and digital innovation in Cornellà de Llobregat (Barcelona), which focusses on exploring and disseminating the potential impact of digital technologies in social projects. With the form of a Foundation with strong support of the municipality, Citilab is a mix between a training centre, a research centre and an incubator for businesses and social initiatives. One of the four main groups of activities is called Laborlab which focuses on co-creation and collaborative and sustainable entrepreneurship. It is a programme that tackles unemployment by supporting entrepreneurship in the area of social and technological innovation. It contributes to social and economic development through training in new professions or by improving access to employment. In 2018, it offered physical working spaces – Labworking – for up to 25 self-employed and a Centre for companies related to ICT (CETIC) with a capacity for 18 start-ups. In Labworking, three groups of persons/companies are supported: companies set up in Citilab with economic difficulties, pre-

entrepreneurs, students or workers thinking of undertaking an innovative entrepreneurial project and self-employed who occasionally need an open space and want to establish alliance to be supported or give support to other start-ups. 8 % of them were unemployed, the rest were either inactive persons (students) or workers.

- Medialab Prado is a citizen laboratory promoted by the City Council of Madrid that works as a meeting point to produce projects in the field of culture with the participation of different stakeholders of a diverse nature. Any person, including unemployed, can make proposals or join others' and carry them out collaboratively. The activity is structured in work groups, open calls for project production, collaborative research and learning communities around very diverse topics.

4 Assessment of success factors and transferability

There is no project in Spain that is comparable to the Austrian Entrepreneurship Lab (i.e. an integrated measure promoting entrepreneurship among the unemployed in the field of the so-called 'Industry 4.0').

Many public and private actors are involved in the promotion of self-employment and entrepreneurship, implementing training courses on the subject, managing incubation spaces for entrepreneurs as well as offering personalised support pathways. However, Spain does not have a comprehensive programme piloted either by the Ministry of Labour, Migrations and Social Security or the national PES in collaboration with the regional PES, which includes a combination of training, space for entrepreneurship / incubation and networking to foster the success of entrepreneurship initiatives. Also, the continuous monitoring and improvement process developed by the Austrian Institute of Technology is more advanced than what exists in Spanish programmes in the field of training for entrepreneurship.

Therefore, the Austrian practice can serve as a good example for a pilot project in Spain to be developed by the national PES in collaboration with one or two Autonomous Communities.

It would also be of value for the pilot project to count on the contributions of the business sector, including business associations and experts in digital transformation, to define the skills requirements that future workers would need to have. A pilot could complement the experience of the above-mentioned local initiatives Citilab or Medialab, putting stronger emphasis in the development of projects and knowledge specifically focused on the unemployed rather than on citizens in general.

5 Questions

- Have communication activities been developed to reach out to potential participants in addition to contacts from the PES and the information day? Has a final event with citizens, potential employers and/or investors been carried out?
- Are social partners involved in the development of the practice (detection of skills to be included in the training, consulted in the evaluation process, members of the monitoring committee, etc.)?
- Why was the average age around 45 (i.e. why were young people missing in the initiative)? Has the Entrepreneurship Lab had positive effects on youth unemployment? Would you recommend it as a measure specifically focused to this group? On the contrary, is it more effective with those who are older?
- How have the external trainers been selected? Which background do they have?

- Is there any link between the Entrepreneurship Lab and the Austrian system of social protection (unemployment benefits, minimum income schemes, etc.)?

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Annex 1 Summary table

The main points covered by the paper are summarised below.

Situation in the peer country

- In Spain, entrepreneurship support measures have gained importance since the recent economic crisis.
- National and regional PES provide a range of services and measures to support entrepreneurship. They are mainly aimed at the unemployed people, although some specific measures have been reinforced to promote youth entrepreneurship.
- The initiatives are featured by the participation of diverse actors, including PES, regions and municipalities, chambers of commerce, NGOs, etc.
- Existing entrepreneurship support programmes are paying more attention to new business models and new forms of work.

Assessment of the policy measure

- There is a Common Portfolio of Services of the National Employment System which include self-employment and entrepreneurship advisory services. This has led to the coordination of services provided by all regional PES in this field, and the set-up of common indicators, fostering efficiency.
- The services of the Spanish PES in 2019 include promoting self-employment and new job opportunities offered by the digital economy, but training is still far from responding to the needs of the companies regarding technological changes.
- Among these measures, support to start-ups with incubators is offered by PES in 10 Autonomous Communities and Cities. They are part of new programmes and need yet to be evaluated.
- The option for 'capitalisation' unemployment benefits to set-up a business has fostered entrepreneurship, becoming successful in promoting self-employment.

Assessment of success factors and transferability

- In Spain, no practice has been identified which includes a combination of training, space for incubation and networking to foster entrepreneurship.
- The continuous monitoring and improvement process developed by the Austrian Institute of Technology is far advanced compared to the Spanish programmes.
- The Austrian practice can serve as good example for a pilot project to be set up in Spain by the National and two or three regional PES.
- It would be of important for the pilot project to count on the contributions of the business sector, in order to define the skills required by the labour market.
- The pilot project could complement the existing local initiatives Citilab or Medialab.

Questions

- Have communication activities been developed to reach out to potential participants in addition to contacts from the PES and the information day? Has a final event with citizens, other potential employers and / or investors been carried out?

- Are social partners involved in the development of the practice (detection of skills to be included in the training, consulted in the evaluation process, members of the monitoring committee, etc.)?
- Why was the average age around 45 (i.e. why were young people missing in the initiative)? Has the Entrepreneurship lab had positive effects on youth unemployment? Would you recommend it as a measure specifically focused to this group? On the contrary, is it more effective with those who are older?
- How have the external trainers been selected? Which background do they have?
- Is there any link between the Entrepreneurship Lab and the Austrian system of social protection (unemployment benefits, minimum income schemes, etc.)?

Annex 2 Example of relevant practice

Name of the practice:	Citilab Citizen Lab
Year of implementation:	2007
Coordinating authority:	Citilab is a Foundation managed by a Board of Trustees including the Municipality of Cornellà de Llobregat, the Barcelona Metropolitan Area Authority, the Regional Government of Catalonia, the Provincial Council of Barcelona, the Polytechnic University of Catalonia, the Catalan Foundation for Research and Innovation and the company Siemens.
Objectives:	<p>The aim of Citilab, a centre for social and digital innovation in Cornellà de Llobregat (Barcelona) is to disseminate the potential impact of digital technologies in social projects, acting as a driving force and a benchmark for a new inclusive, cohesive knowledge society, to foster social and technological innovation and to create value, knowledge and new opportunities by fostering networking between different stakeholders, including those unemployed.</p> <p>It is aimed at creating an environment with no pre-established roles where all stakeholders create knowledge, where they can all innovate, and where they are all able to learn from each other.</p>
Main activities:	<p>Its products and services are oriented towards citizens, SMEs, education centres, public administrations, and other public and private organisations.</p> <p>It is a mix between a training centre, a research centre and an incubator for business and social initiatives, including supporting unemployed people. In order to gain knowledge, it uses design thinking and user-centred creation as main methods.</p> <p>One of its main activities is called Labourlab, which focusses on co-creation and collaborative and sustainable entrepreneurship. Laborlab is a programme that tackles unemployment by supporting entrepreneurship in the area of social and technological innovation, and through training in new professions or to improve access to employment of people. It thus contributes to social and economic development.</p>
Results so far:	In 2018, Labourlab offered physical working space (Labworking) for up to 25 self-employed (8 % of which were unemployed, the rest were inactive persons (students) or workers). In addition, the centre for companies related to ICT (CETIC) have the capacity for 18 start-ups.



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